

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name PEAINE TOWNSHIP	County CHARLEVOIX
Audit Date 3/31/04	Opinion Date 6/18/04	Date Accountant Report Submitted to State: 9/25/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

MASON & KAMMERMAN, PC

Street Address

110 PARK AVENUE

City

CHARLEVOIX

State

MI

ZIP

49720

Accountant Signature

218 Mason CPA

Date

9/25/04

MASON & KAMMERMANN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HUGH E. MASON
VELDA K. KAMMERMANN

110 Park Avenue
Charlevoix, Michigan 49720
Telephone (231) 547-4911
Facsimile (231) 547-5911

September 25, 2004

To the Board of Trustees of
Peaine Township:

We have audited the financial statements of Peaine Township for the year ended March 31, 2004, and have issued our report thereon dated June 18, 2004. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Generally Accepted Auditing Standards

As stated in our engagement letter dated May 27, 2004, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Peaine Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Peaine Township are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ending March 31, 2004. We noted no transactions entered into by the organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We noted no such sensitive estimates that are included in the financial statements.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgement, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the organization that could potentially cause financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgement, either individually or in the aggregate, have a significant effect on the organization's financial reporting process.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

This information is intended solely for the use of the Board of Trustees of Peaine Township and should not be used for any other purpose.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Mason & Kammermann PC". The signature is fluid and cursive, with the letters "M", "K", and "P" being particularly prominent.

Mason & Kammermann, P.C.

PEAINE TOWNSHIP
CHARLEVOIX COUNTY, MICHIGAN

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
for the year ended March 31, 2004

MASON & KAMMERMANN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHARLEVOIX, MICHIGAN

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MASON & KAMMERMANN, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

HUGH E. MASON
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June 18, 2004

INDEPENDENT AUDITOR'S REPORT

To the Township Board of
Peaine Township:

We have audited the accompanying general purpose financial statements of Peaine Township as of and for the year ended March 31, 2004 as listed in the table of contents. These general purpose financial statements are the responsibility of Peaine Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Peaine Township as of March 31, 2004, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed as additional information in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Peaine Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Mason & Kammermann PC

PEAINE TOWNSHIP
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
as of March 31, 2004

GOVERNMENTAL FUND TYPES

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
ASSETS:		
Cash in bank	\$ 11,405	\$ 84,405
Cash in bank, savings	277,648	164,772
Taxes receivable	16,750	12,432
Due from other funds (Note J)	660	-
Land and improvements	-	-
Buildings and docks	-	-
Furniture and equipment	-	-
Amount to be provided for retirement of general long term obligations	-	-
	<hr/>	<hr/>
Total assets	<u>\$306,463</u>	<u>\$261,609</u>
LIABILITIES:		
Account payable	\$ 10,634	-
Due to other funds	-	-
Note payable	-	-
	<hr/>	<hr/>
Total liabilities	<u>10,634</u>	<u>-</u>
FUND EQUITY:		
Investment in general fixed assets	-	-
	<hr/>	<hr/>
Fund balances, unreserved	<u>295,829</u>	<u>261,609</u>
	<hr/>	<hr/>
Total liabilities and fund equity	<u>\$306,463</u>	<u>\$261,609</u>

The accompanying notes are a part of the financial statements.

<u>FIDUCIARY FUND TYPE</u>	<u>ACCOUNT GROUPS</u>		
<u>TRUST AND AGENCY FUND</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM DEBT</u>	<u>TOTALS (MEMORANDUM ONLY)</u>
\$ 660	\$ -	\$ -	\$ 96,470
-	-	-	442,420
-	-	-	29,182
-	-	-	660
-	353,585	-	353,585
-	477,710	-	477,710
-	280,696	-	280,696
-	-	73,616	73,616
<u>\$ 660</u>	<u>\$1,111,991</u>	<u>\$ 73,616</u>	<u>\$1,754,339</u>
\$ -	\$ -	\$ -	\$ 10,634
660	-	-	660
-	-	73,616	73,616
660	-	73,616	84,910
-	1,111,991	-	1,111,991
-	-	-	557,438
<u>\$ 660</u>	<u>\$1,111,991</u>	<u>\$ 73,616</u>	<u>\$1,754,339</u>

PEAINE TOWNSHIP

COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

ALL GOVERNMENTAL FUND TYPES

for the year ended March 31, 2004

	GOVERNMENTAL FUND TYPES		
	GENERAL FUND	SPECIAL REVENUE FUND	TOTALS (MEMORANDUM ONLY)
REVENUES:			
Property taxes and fees	\$201,916	\$130,959	\$332,875
Intergovernmental	22,577	72,535	95,112
Inspection fees and permit	7,687	-	7,687
Interest income	1,451	2,451	3,902
Charges for services	-	109,991	109,991
Other revenues	11,857	6,882	18,739
Total revenues	245,488	322,818	568,306
EXPENDITURES:			
Legislative	30,318	-	30,318
General government	83,338	-	83,338
Public safety	28,787	48,522	77,309
Health and welfare	22,787	169,121	191,908
Community and Economic Development	23,186	-	23,186
Culture and recreation	25,019	-	25,019
Streets and highways	-	56,779	56,779
Capital outlay	-	38,535	38,535
Total expenditures	213,435	312,957	526,392
Excess of revenues over expenditures	32,053	9,861	41,914
OTHER FINANCING SOURCES, Operating transfers in	-	1,500	1,500
OTHER FINANCING USES, Operating transfers (out)	(1,500)	-	(1,500)
Excess of revenues and other financing sources over expenditures and other financing uses	30,553	11,361	41,914
FUND BALANCE, April 1, 2003	265,276	250,248	515,524
FUND BALANCE, March 31, 2004	<u>\$295,829</u>	<u>\$261,609</u>	<u>\$557,438</u>

The accompanying notes are a part of the financial statements.

PEAINE TOWNSHIP

COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

ALL GOVERNMENTAL FUND TYPES

for the year ended March 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	OVER/(UNDER) BUDGET
REVENUES:			
Property taxes and fees	\$197,000	\$201,916	\$ 4,916
Intergovernmental	20,000	22,577	2,577
Inspection fees and permits	5,500	7,687	2,187
Interest income	1,000	1,451	451
Charges for services	-	-	-
Other revenues	3,500	11,857	8,357
Total revenues	227,000	245,488	18,488
EXPENDITURES:			
Legislative	41,059	30,318	(10,741)
General government	93,420	83,338	(10,082)
Public safety	11,000	28,787	17,787
Health and welfare	29,003	22,787	(6,216)
Community and Economic Development	22,918	23,186	268
Culture and recreation	21,702	25,019	3,317
Streets and highways	-	-	-
Capital outlay	-	-	-
Total expenditures	219,102	213,435	(5,667)
Excess of revenues over expenditures	7,898	32,053	24,155
OTHER FINANCIAL SOURCES,			
Operating transfers in	-	-	-
OTHER FINANCING USES,			
Operating transfers out	-	(1,500)	(1,500)
Excess of revenues and other financing sources over expenditures and other financing uses	7,898	30,553	25,655
FUND BALANCES, April 1, 2003	265,276	265,276	-
FUND BALANCES, March 31, 2004	\$273,174	\$295,829	\$ 25,655

The accompanying notes are a part of the financial statements.

SPECIAL REVENUE FUNDS

<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
\$ 82,860	\$130,959	\$ 48,099
46,304	72,535	26,231
-	-	-
1,600	2,451	851
50,000	109,991	59,991
4,000	6,882	2,882
184,764	322,818	138,054
-	-	-
-	-	-
41,802	48,522	6,720
112,226	169,121	56,895
-	-	-
-	-	-
53,474	56,779	3,305
20,000	38,535	18,535
227,502	312,957	85,455
(42,738)	9,861	52,599
-	1,500	1,500
-	-	-
(42,738)	11,361	54,099
190,126	250,248	-
<u>\$147,388</u>	<u>\$261,609</u>	<u>\$ 54,099</u>

PEAINE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NOTE A - Reporting Entity

Peaine Township is a general law township located in Charlevoix County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

NOTE B - Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The accounting policies of Peaine Township conform to generally accepted accounting principles as applicable to governmental units. The modified accrual basis of accounting is followed by Governmental Fund and Fiduciary Fund Types. Modifications in such method from the accrual basis are as follows:

- A. Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned. Other revenue is recorded when received.

Properties are assessed January 1, and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 14 with a final collection date of February 28, before they are added to the county tax rolls. Property taxes levied December 1 are recognized as income in the year in which they are levied.

- B. Payments for inventorable types of supplies are recorded as expenditures at the time of purchase.
- C. Normally, expenditures are not divided between years by the recording of prepaid expenses.

PEAINE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTE B - Measurement Focus, Basis of Accounting and Basis of Presentation(Continued)

_____The Township has the following fund types and account group:

Governmental Funds are used to account for the Township's general government activities not accounted for in other funds.

Governmental funds include the following types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes(not including expendable trust or major capital projects).

Fiduciary Funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

The current tax collection fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collection which the township makes and distributes for others in an agency capacity.

Account Groups The General Fixed Asset Account Group is used to account for fixed assets of the Township. The General Long-Term Debt Account Group is used to account for notes payable as described in Note J.

NOTE C - DEPOSITS AND INVESTMENTS

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. State statutes authorize the Township to invest in bank savings accounts, bank certificates of deposit, securities of the U.S. Government, and repurchase agreements from banks. The State also permits local units of government to invest funds in commercial paper(unsecured notes of business and corporations). Such obligations must be rated in one of the three highest classifications by two of the national rating services in order to qualify for local government investment. Other statutory limits are that commercial obligations may not extend for more than 270 days, and not more than one half of the total investments may be invested in commercial paper.

PEAINE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NOTE D - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Township to a significant concentration of credit risk consist only of cash.

The Township's deposits are owned by several of the Township's funds. A total of \$97,789 of the Township's \$538,890 of total bank deposits are in accounts which exceed FDIC insurance limits and are uncollateralized. The remaining bank deposits and investments are in separate accounts and are fully insured.

Cash is deposited with banks having satisfactory credit ratings. While cash deposits exceed FDIC insurance limits management feels credit risk associated with cash is minimal.

II. STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

NOTE E - USE OF ESTIMATES

This presentation of financial statements in conformity with the modified cash basis of accounting requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

NOTE F - MEMORANDUM ONLY - TOTAL COLUMNS

Total Columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE G - BUDGETARY INFORMATION

The annual budgets are adopted in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on April 9, 2003, or as amended by the Township Board from time to time throughout the year.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

PEAINE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2004

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

NOTE G - BUDGETARY INFORMATION(CONTINUED)

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

NOTE H - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in the Township's equity in general fixed assets follows:

	Balance <u>April 1, 2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>March 31, 2004</u>
Land & Improvements:				
Solely owned	\$ 37,075	\$ -	\$ -	\$ 37,075
Jointly owned	<u>316,510</u>	<u>-</u>	<u>-</u>	<u>316,510</u>
Total land & improvements	<u>\$ 353,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 353,585</u>
Buildings:				
Solely owned	\$ 164,021	\$10,783	\$ -	\$ 174,804
Jointly owned	<u>302,906</u>	<u>-</u>	<u>-</u>	<u>302,906</u>
Total building	<u>\$ 466,927</u>	<u>\$10,783</u>	<u>\$ -</u>	<u>\$ 477,710</u>
Equipment & Furniture:				
Solely owned	\$ 46,262	\$ -	\$ -	\$ 46,262
Jointly owned	<u>221,837</u>	<u>12,597</u>	<u>-</u>	<u>234,434</u>
Total equipment & furniture	<u>\$ 268,099</u>	<u>\$12,597</u>	<u>\$ -</u>	<u>\$ 280,696</u>

NOTE I - PROPERTY TAXES

The Township levied 3.6760 mills for general operating purposes on a state taxable valuation of \$47,872,401. In addition, the Township levied .9703 mills for Township roads, .6652 mills for fire protection, 1.1944 mills for waste collection and removal and .5628 mills for airport operations.

PEAINE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2004

NOTE J - LONG TERM OBLIGATIONS

___ A summary of long-term obligations at March 31, 2004, and transactions related thereto for the year then ended is as follows:

	<u>Balance</u> <u>April 1, 2003</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>March 31, 2004</u>
Notes payable:				
\$51,013, installment note payable in monthly installments of \$1,297 through July, 2004 including interest at 5.5 percent per annum secured by waste handling equipment	\$ 20,607	\$ -	\$ 15,430	\$ 5,177
\$79,470, installment note payable in annual installments of \$10,093 through April, 2011, including interest at 4.6 percent per annum Michigan Department of Transportation for airport expansion and improvements	73,033	-	6,734	66,299
\$6,054, installment note payable in annual installments of \$2,265 through June, 2004, including interest at 6 percent per annum Michigan Department of Transportation for runway lights	4,156	-	2,016	2,140
	<u>\$ 97,796</u>	<u>\$ -</u>	<u>\$ 24,180</u>	<u>\$ 73,616</u>

The annual principal and interest requirements for the years ending March 31, 2004 and thereafter, including interest payments to maturity of \$24,823 on commercial indebtedness are as follows:

<u>Year ended</u> <u>March 31</u>	<u>General Long-Term</u> <u>Obligations</u>
2005	\$ 21,435
2006	10,093
2007	10,093
2008	10,093
2009	10,093
2010 and thereafter	<u>20,186</u>
	<u>\$ 81,993</u>

PEAINE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2004

NOTE K - PENSION PLAN

Elected members of the Township board are eligible to participate in the Peaine Township Pension Plan administered by the Travelers Insurance Company, a defined contribution plan. There are no unfunded liabilities. The Township is required to contribute 5 percent of each participant's annual compensation. Participant contributions are not required, but voluntary non-deductible contributions are allowed. Retirement expense totaled \$8,785 for the year based on eligible wages. Total payroll expense for all funds for the year ended March 31, 2004 was \$142,906.

NOTE L - COMMON UNITS

Peaine and St. James Townships are the two townships on Beaver Island. These Townships jointly support the below-listed common facilities on a 50-50 basis. The facilities supported are controlled by and included in the comprehensive financial statements of:

<u>PEAINE TOWNSHIP</u>	<u>ST. JAMES TOWNSHIP</u>
Beaver Island Waste Management Fund	Beaver Island Rock Crusher Fund
Beaver Island Airport Fund	Beaver Island Fire Department Fund
Cemetery Fund	

The Beaver Island Yacht Dock is also operated jointly and controlled by St. James Township. Revenues were sufficient to support yacht dock operations for the year ended March 31, 2004. Operating deficiencies are shared on the following basis:

	<u>PEAINE TOWNSHIP</u>	<u>ST. JAMES TOWNSHIP</u>
Yacht Dock	33 1/3 pct.	66 2/3 pct.

Financial statements for those funds which are controlled by St. James Township may be obtained by contacting the St. James Township Treasurer on Beaver Island, Michigan.

PEAINE TOWNSHIP

GENERAL FUND

STATEMENT OF REVENUES
BUDGET AND ACTUAL

for the year ended March 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	OVER/(UNDER) <u>BUDGET</u>
PROPERTY TAXES AND FEES:			
Property tax collections	\$174,000	\$176,923	\$ 2,923
Swamp tax	8,000	8,110	110
Tax collection fees	<u>15,000</u>	<u>16,883</u>	<u>1,883</u>
Total property taxes and fees	197,000	201,916	4,916
INTERGOVERNMENTAL:			
State shared revenues	16,000	17,372	1,372
State SET fees <u>4,000</u>	<u>5,205</u>	<u>1,205</u>	
Total Intergovernmental	20,000	22,577	2,577
INSPECTION FEES AND PERMITS:			
Zoning fees	3,500	5,330	1,830
Campground fees	<u>2,000</u>	<u>2,357</u>	<u>357</u>
Total inspection fees and permits	5,500	7,687	2,187
INTEREST INCOME	1,000	1,451	451
OTHER INCOME:			
Rental income 3,500	3,520	20	
Miscellaneous <u>-</u>	<u>8,337</u>	<u>8,337</u>	
Total other income	<u>3,500</u>	<u>11,857</u>	<u>8,357</u>
Total revenues	<u>\$227,000</u>	<u>\$245,488</u>	<u>\$ 18,488</u>

PEAINE TOWNSHIP

GENERAL FUND

STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL

for the year ended March 31, 2004

	<u>BUDGET</u>	<u>ACTUAL</u>	OVER/(UNDER) <u>BUDGET</u>
LEGISLATIVE:			
Trustees wages	\$ 8,962	\$ 8,962	\$ -
Payroll taxes and benefits	7,000	5,306	(1,694)
Professional services	3,000	1,074	(1,926)
Travel	4,000	3,521	(479)
Insurance and bonds	8,000	5,672	(2,328)
Dues	800	702	(98)
Supplies	4,000	2,016	(1,984)
Other expenses	5,297	3,065	(2,232)
Total legislative	41,059	30,318	(10,741)
GENERAL GOVERNMENT:			
Supervisor:			
Salary	16,300	16,187	(113)
Supplies and expenses	1,500	1,470	(30)
Total supervisor	17,800	17,657	(143)
Treasurer:			
Salary	15,252	15,252	-
Supplies and expenses	2,000	4,074	2,074
Total treasurer	17,252	19,326	2,074
Clerk:			
Salary	15,000	15,000	-
Supplies and expenses	1,000	679	(321)
Total clerk	16,000	15,679	(321)
Assessor:			
Salary	13,068	13,068	-
Supplies and expenses	10,000	3,612	(6,388)
Total assessor	23,068	16,680	(6,388)
Election	500	-	(500)

(Continued)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>OVER/(UNDER) BUDGET</u>
GENERAL GOVERNMENT (CONTINUED):			
Board of review	\$ 800	\$ 460	\$ (340)
Township properties:			
Wages	3,000	2,903	(97)
Utilities	7,000	5,911	(1,089)
Maintenance	8,000	4,722	(3,278)
Total township properties	18,000	13,536	(4,464)
Total general government	93,420	83,338	(10,082)
PUBLIC SAFETY:			
Police	11,000	7,166	(3,834)
Supplies and expenses	-	21,621	21,621
Total planning and zoning	11,000	28,787	17,787
HEALTH AND WELFARE:			
EMS Services	21,301	21,301	-
Other Services	7,702	1,486	(6,216)
Total health and welfare	29,003	22,787	(6,216)
COMMUNITY AND ECONOMIC DEVELOPMENT:			
Zoning Salaries	4,918	4,918	-
Professional Planner	5,000	3,075	(1,925)
Zoning Expenses	13,000	15,193	2,193
Total Community and Economic Development	22,918	23,186	268
CULTURE AND RECREATION:			
Salary	\$ -	\$ 5,640	\$ 5,640
Parks and Campground Expenses	14,000	9,612	(4,388)
Fireworks	-	2,065	2,065
Historical Museum	7,702	7,702	-
Total Culture and Recreation	21,702	25,019	3,317
Total expenditures	<u>\$219,102</u>	<u>\$213,435</u>	<u>\$ (5,667)</u>

PEAINE TOWNSHIP
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
as of March 31, 2004

	<u>FIRE FUND</u>	<u>ROAD FUND</u>	<u>BI WASTE TRANSFER FUND</u>	<u>BI AIRPORT FUND</u>	<u>COMBINED TOTAL</u>
ASSETS:					
Cash in bank	\$ -	\$ 60,693	\$ 16,222	\$ 7,490	\$ 84,405
Cash in bank, savings	61,082	-	74,054	29,636	164,772
Taxes receivable	-	4,423	5,444	2,565	2,432
Total assets	<u>\$ 61,082</u>	<u>\$65,116</u>	<u>\$ 95,720</u>	<u>\$ 39,691</u>	<u>\$261,609</u>
 FUND EQUITY:					
Fund balances, unreserved	<u>\$ 61,082</u>	<u>\$65,116</u>	<u>\$ 95,720</u>	<u>\$ 39,691</u>	<u>\$261,609</u>

PEAINE TOWNSHIP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS

for the year ended March 31, 2004

	<u>FIRE FUND</u>	<u>ROAD FUND</u>	<u>BI WASTE TRANSFER FUND</u>	<u>BI AIRPORT FUND</u>	<u>COMBINED TOTAL</u>
REVENUES:					
Property taxes and fees	\$ -	\$ 46,591	\$ 57,307	\$ 27,061	\$130,959
Intergovernmental	-	-	44,567	27,968	72,535
Interest income	960	1,026	261	204	2,451
Charges for services	-	-	99,199	10,792	109,991
Other revenues	-	527	5,704	651	6,882
Total revenues	960	48,144	207,038	66,676	322,818
EXPENDITURES:					
Public Safety:					
Wages	-	-	-	3,400	3,400
Payroll taxes and benefits	-	-	-	612	612
Repairs and Maintenance	-	-	-	18,845	18,845
Utilities	-	-	-	7,678	7,678
Insurance	-	-	-	4,190	4,190
Hanger Expense	-	-	-	2,750	2,750
Supplies	-	-	-	6,473	6,473
Other	-	-	-	4,574	4,574
Total public safety	-	-	-	48,522	48,522
Health and Welfare:					
Wages	-	-	71,818	-	71,818
Payroll taxes and benefits	-	-	23,316	-	23,316
Waste disposal and expenses	-	-	27,876	-	27,876
Transportation	-	-	17,792	-	17,792
Office Expense	-	-	1,680	-	1,680
Repairs and maintenance	-	-	1,723	-	1,723
Utilities	-	-	9,317	-	9,317
Insurance	-	-	4,620	-	4,620
Supplies	-	-	10,979	-	10,979
Contingency	-	-	-	-	-
Total health and welfare	-	-	169,121	-	169,121

(Continued)

PEAINE TOWNSHIP

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES

SPECIAL REVENUE FUNDS

for the year ended March 31, 2004

	<u>FIRE FUND</u>	<u>ROAD FUND</u>	<u>BI WASTE TRANSFER FUND</u>	<u>BI AIRPORT FUND</u>	<u>COMBINED TOTAL</u>
EXPENDITURES(Continued):					
Streets and highways:					
Repairs and maintenance	\$ -	\$ 56,779	\$ -	\$ -	\$ 56,779
Other	-	-	-	-	-
Total streets and highways		56,779	-	-	56,779
Capital outlay	-	-	15,562	22,973	38,535
Total expenses	-	56,779	184,683	71,495	312,957
Excess (deficiency) revenues over expenses	960	(8,635)	22,355	(4,819)	9,861
OTHER FINANCING SOURCES:					
Operating transfers in	-	-	-	1,500	1,500
Excess of revenues and other financing sources over expenditures and other financing uses	960	(8,635)	22,355	(3,319)	11,361
FUND BALANCE, APRIL 1, 2003	60,122	73,751	73,365	43,010	250,248
FUND BALANCE, MARCH 31, 2004	<u>\$ 61,082</u>	<u>\$ 65,116</u>	<u>\$ 95,720</u>	<u>\$ 39,691</u>	<u>\$ 261,609</u>

PEAINE TOWNSHIP

STATEMENT OF CHANGES
IN ASSETS AND LIABILITIES
AGENCY FUND - CURRENT TAX COLLECTION FUND

for the year ended March 31, 2004

	BALANCE APRIL 1, 2003	ADDITIONS	DEDUCTIONS	BALANCE MARCH 31, 2004
ASSETS,				
Cash in bank	\$ 622	\$1,759,169	\$1,759,131	\$ 660
LIABILITIES,				
Due to other funds	\$ 622	\$ 312,212	\$ 312,174	\$ 660
Due to Saint James Township	-	28,773	28,773	-
Due to Charlevoix County	-	283,549	283,549	-
Due to Char-Em ISD	-	116,068	116,068	-
Due to Beaver Island Public School	-	663,551	663,551	-
Due to Beaver Island Medical Center	-	82,739	82,739	-
Beaver Island Public Library	-	39,896	39,896	-
Due to State of Michigan - SET	-	232,381	232,381	-
Total liabilities	\$ 622	\$1,759,169	\$1,759,131	\$ 660